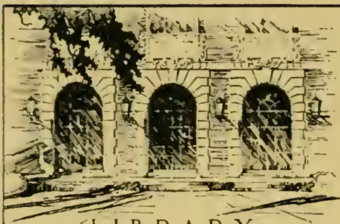

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EQUITABLE ADJUSTMENT

BETWEEN THE

NATION AND ITS CREDITORS.

A BRIEF INQUIRY

INTO THE TRUE AWARD

OF AN

"EQUITABLE ADJUSTMENT"

BETWEEN THE

NATION AND ITS CREDITORS.

With Tables.

BY

THE HON. JOHN STUART WORTLEY.

Ἐντι μεν θνατων φρένες ὠκύτεραι
Κέρδος αἰνῆσαι πρὸ δίκας δόλιον,
Τραχεῖαν ἑρπόντων πρὸς ἐπίβδαν ὅμως.

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PREFACE.

The data upon which the following Calculations have been based, are the most authentic within reach; namely, those furnished by well known parliamentary documents, and by the aid of such works as Dr. Hamilton's History of the National Debt, and Mr. M'Culloch's Dictionary of Commerce, which require no attestation of their authority; and in the Calculations themselves, it is hoped that accuracy, which has been sought with some trouble, has been as far as possible attained. They were originally designed by the author to satisfy his own curiosity; but he has thought himself justified in presuming to publish them, even though he should have mistaken their

worth on the present occasion, because it appears to him that they contain matter of interest beyond their immediate application, and of use in whatever questions involve any of the past fluctuations of the currency within this century.

Curzon Street,
June 1833.

A BRIEF INQUIRY,

&c.

Of all the weapons of assault wielded by the foes of cash payment against the act of 1819, and aimed at the demolition of the standard of value then restored, the argument, perhaps, most palpably effective with all capacities, because most readily intelligible, and which has been therefore most sedulously repeated, is that which assumes and asserts a heavy loss to the state in account with its creditors, by the difference between the depreciated value of the currency in which many of its large contracts were made, and that in which they have been since discharged.* The

* As for instance;—"*I cannot fail also to remark the immense sum added to the debt during the period of the great depreciation of the currency*; according to the measure of the ancient standard, which was then suspended, *we generally borrowed about fifteen shillings* in the pound; and with our

truth is, that in itself, and with its assumptions granted, it is more than plausible ; and nothing

return to that standard *we are now required to pay the twenty shillings. The letter of the bond and the pound of flesh are claimed by the creditor*."—Corn and Currency, by Sir James Graham, Bart., M.P. 1828, p. 37.

"We freely admit the weight of these remonstrances; we acknowledge that through an unrestrained anxiety for observing the letter of the national faith, *the spirit of the obligation was disregarded, and gross injustice committed* on the great body of producers throughout the kingdom, as well as *on all debtors*."—Qu. Rev. No. xciv. p. 437.

"*We had borrowed immense sums in a depreciated paper currency.* In order to avoid the possible accusation of defrauding our creditors, *we agreed in* 1819 *to pay them, if they demanded it, in a gold currency,* equal in fineness and weight to the old standard which had been virtually abolished in 1796. *But surely this is the utmost to which the most rigid sticklers for the observance of the public faith can conceive the country pledged*."—Ibid. No. lxxxix. p. 500.

"The petition of the members of the Pollokshaws Political Union,—Humbly sheweth, that 800,000,000 of the present money is not due to the fundholders; the value of the money has been changed, it has been doubled in the amount of one half, and therefore *if the debt were paid off, the creditors would be entitled, in fact, to no more than* 400,000,000 *of money of the present value.*

"Your Petitioners, therefore, intreat your honourable house to pass regulations to effect an *equitable adjustment* of the claims of the fundholders, and to compel them to submit to the decisions of competent judges of the matter."—13th Rep. on Pub. Petit. 1833. App. No. 570.

"The nobleman at present at the head of his Majesty's

can, upon the face of them, be more just than its conclusions. There is no doubt that there was a

servants, has uniformly stated that the bill of 1819 was an act of injustice; and he has declared in his place in parliament, above ten times, that *we are now compelled, in consequence of that bill, to pay in full tale—to pay in gold the full weight of a debt contracted in depreciated paper.* To that bill, the noble Earl has always declared that he never gave his sanction; and I believe he never did, either directly or indirectly, from first to last. Well then, *it surely becomes the duty of the noble Earl and his colleagues to adopt some measures to correct the evil that has been inflicted, and to do justice to the country. Thirteen or fourteen years has been long enough for the continuance of a system of injustice.*"—Speech of Mr. Cobbett, in the House of Commons, May 16, 1833.

"*Considering that the currency has been changed, your petitioners beg leave to observe that that part of the national debt which was contracted in a low currency, is now paid for by the people in a high currency,* hence arises distress and ruin. Your petitioners therefore humbly pray of your honourable House, that you will *reduce the interest on the funded debt to such a degree, that the whole of the profits of the productive industry of the country may no longer be swallowed up by the dealer in the funds, and that the last drop of the nation's blood may not be poured out to be licked up by the cannibals of Change Alley.*"—Petition to the House of Commons, Feb. 14*th*, 1827, quoted ibid.

"The world perhaps has scarcely ever witnessed a more gross perversion of terms, than in the way in which the words "honesty" and "dishonesty" were bandied about by the enemies of inquiry in the late debate. *Former parliaments having passed and sanctioned the most odious system of wrong*

large depreciation—none that, during its existence, large contracts were made by the state for money—none that we have since returned to a currency of higher value, with which we are yearly paying their stipulated price; and there can be as little question, that if the lenders of that day adapted their bargains accordingly, and obtained a larger consideration thereupon in mere paper than they could have obtained in the metallic standard in which these fixed payments have since been made, these fixed payments have become so much more in value, and therefore are to the payers so much augmented. It is but elementary logic which teaches a man that if he has engaged to pay two thirds of an ounce of gold,

and robbery to be found in our own, or the legislative annals of any country, we are gravely told, that as much as to inquire into the result of this measure, and to endeavour to probe and heal the wound, would be dishonesty."—Morning Herald, April 27, 1833.

"It therefore cannot be denied, that *to make gold the standard of value, and to force a metallic currency upon the present community, while we are oppressed by a national debt created in paper,* and our commerce is exposed by the power of modern dogmas, to an unequal competition with foreign states, *is visiting the so-termed errors of our forefathers upon us, with a twofold vengeance,* by the application of measures which the blindness of fanaticism might once have imposed, but *which, in these days of light, only reflect disgrace upon the government which enforces them.*"—Ibid. City Art. March 22nd, 1833. &c. &c. &c.

or its equivalent, a change which requires him to pay that of a full ounce, makes him a loser. The argument and its immediate consequences is within the comprehension of every understanding; it touches man in that most sensitive of vital parts, the pocket; and it can be therefore matter of surprise to no one that it has been made a ready instrument of popular declamation, and has been administered as a stimulant in speech and print to the passions of all tax-payers from the Land's End to John o'Groat's, and from 1819 down to 1833.

To this reasoning, the answer commonly opposed, and with irrefragable justice, is, that if there be a loss to the country, it is bound in common faith to bear it; that it was caused by its own acts; and that the contracts thereby affected were made under its own reiterated guarantees that their true value should be as soon as possible restored.

It must not be forgotten that the *suspension* of cash payments, originally confined to a very short period, was never for a moment converted into an *abolition*. It appears, that during the twenty-two years of the restriction, nine several times was its expiration simply deferred, with the avowed intention that it should be really limited by each appointed term; and from the year 1814 downwards, with a deliberate declaration by the legislature

" that it was highly desirable that the Bank of England should, as soon as possible, return to the payment of its notes in cash ;" a sentiment varied only in its form on each succeeding occasion. To say, then, that the debts created during the depreciation were arranged by the contracting parties according to its extent, and that the state is not bound to fulfil those engagements by the standard which it so proclaimed, is, in the first instance, to take the whole advantage arising from a reliance on its assurances, and then to set them wholly aside in its own favour. There can be no doubt that these assurances contemplated the ancient and established standard as their object ; there can be none that if they had been exchanged for a permanent extinction of cash payments, the currency would have still further felt the difference ; and the public faith is therefore bound herein not by a moral merely, but by a positive written legal, obligation. Parliament has hitherto happily, in spite of all temptations, adhered with a manly firmness to that conviction ; and it is not the least of the causes by which this country has acquired and maintained, through its government, a command over its collective wealth, such as we may venture to say no nation ever before enjoyed in the history of the world.

But after all, with every questionable con-

dition granted, is it absolutely certain that the original fact upon which the whole argument rests is true; and that the country has really been a serious loser by the effects of depreciation, and by the honourable redemption of its own free pledges? When we hear a fact or argument continually and confidently assumed, we are often gradually led at length to accept it as established; and we conclude it to be proved, when it is only perseveringly asserted. The manifest duty of its assertors demands that they should have made the inquiry; from the duty, we gladly infer a performance which relieves ourselves from the responsibility; and rather than face the trouble of an examination, which might probably only lead us to the same point, we resign our judgment to an indolent and easier asquiescence.

It is surprising how little is required beyond unflinching impudence to commence, in almost any case, this process. Let an allegation be but boldly and diligently made, and, by mere gregarious concurrence, popular belief will gradually, though surely, follow. Not that the fallacy or falsehood will always ultimately escape its due exposure; but it will generally serve to last out some present occasion: and when we consider how short a time, well improved, suffices to produce a given effect with that mighty fulcrum of political and

social innovation, the numerical majority of mankind, we may easily understand how well the result repays the risk, and how often the antidote lags late behind the mischief.

Of such a nature, to all appearance, is the argument above recited. It is manfully proclaimed, that the nation has been largely injured by a change, which has no doubt affected its transactions, as well as others; and that although its honour may be construed as in some sort implicated, the loss is too high a price for such fanciful and exaggerated chivalry. The facts are taken on all hands for granted; the conclusions follow of themselves.

Now, in reflecting on the real force of all this, we may perhaps find that, so far as the matter lies *between the public and its creditors*, it is not wholly incapable of a test, or at least of such an approximation to it as would give a strong presumption of the true distribution of the loss. Since this branch of the question is confined to the effects produced on a given amount of determinate contracts, it would not be impossible to investigate the actual operation upon each, as modified by the circumstances individually belonging to it; and if this should be done with accuracy, so far as an examination of their several accounts afforded means, we should arrive at a balance which would not only give a more distinct ex-

hibition of that part of the subject alone, but might have some value, by analogy, as an index of its true inclination in others less capable of an estimate. An attempt to compass this result forms the object of the following short inquiry.

There can be no room for a denial of the position, that if a return from depreciation has had an effect on one side, that of the depreciation itself must have corresponded to it on the other; and that if a payment fixed during its continuance has brought a loss by each subsequent *rise* of value upon the *payer*, each *decline* entailed it in like manner on the *paid*. Nothing can be clearer than that if the debtor who agreed to pay £5 10*s*. when it was only worth one ounce of gold, is wronged, by being now compelled to pay it when it is equivalent to half as much again; the creditor who was promised £3 17*s*. 10½*d*. when it was worth the same ounce, suffered grossly, when he could obtain, under the name of that sum, only what was worth two-thirds of the same value. In other words, if the state has lost upon all the fixed payments which it has made in a currency more valuable than that in which they were contracted, it must, for the very same reasons, have gained on all those which it discharged in one less so; and we cannot therefore approach a true conclusion without com-

paring the amount and date of each transaction with the coincident depreciation of the currency and its subsequent variations, so as to attain some measure of the effect in the latter direction as well as in the former.

The truth of the axiom here explained, is so salient, that the stoutest paper-champion cannot escape from it, and must be content to admit it. If applied to the actual case before us, it proves at once that the question of loss or gain to the state extends far beyond the mere simple circumstance of the restoration of the standard. The historical facts stand thus. Although the suspension of cash payments took place in the beginning of 1797, the currency preserved its value for nearly three years later; and it was not until 1800 that its depression commenced. Every creditor, therefore, who held at this date government securities, either by contract or by purchase, under the ancient and acknowledged standard, was robbed by each stage of the ensuing depreciation. The lowest point of its course was in the year 1813; and thus far, therefore, not only they, but all those likewise who had contracted at any higher rate than this, were injured by the succeeding steps of descent. The rise from 1813 was not quite regular, but continued down to 1819, at the close of which year the currency recovered its full

value; and here, therefore, each separate ascent upon the successive contracts of this period turned the loss against the state, which has been continued from 1819 to this time, by the uniform maintenance of the restored standard. If these transactions had been in like manner simply exposed to the changes thus detailed, a comparison of the sums total of their effect on either side would give the correct balance of loss or gain; certain disturbing causes, however, which will be hereafter noticed, prevent our obtaining more than an approximation.

It is in vain to answer this by saying that the creditors who actually suffered from these variations could be only in few instances the same individuals who were originally parties to each contract. In the first place, this argument would apply with equal force to both sides. If it were true that those who were not the original creditors had no injury to complain of in the depreciation, it must be equally true that the like class can have enjoyed no unfair advantages from the restoration, and that therefore the nation can have rendered them no more than the barest justice. But, in the next place, this objection is a palpable fallacy. When a portion of the national securities changes hands, the subject of sale is the right to receive a fixed payment. If this fixed payment has been reduced in value by a disturbance of the standard, that which is re-

ceived in exchange for it, being of course only its equivalent, is reduced to the same extent, and in point of fact must be so in the natural course of things, without any allowance made, since both the matters of exchange are portions of the same currency, and must be therefore affected in precisely the same degree. After the transaction, the purchaser becomes the complete substitute, and is affected just as much by any ensuing alteration in the value for which he exchanged an equivalent at a given rate, as if he were the original contractor. To make this clearer, let us suppose an individual to have been a subscriber of £100 at 3 per cent., to one of the loans before the act of Bank Restriction in 1797. In the year 1810, for instance, the intrinsic value of the currency was lowered from that in which he negociated, say one-eighth. The £3. which he obtained in that year was therefore really one-eighth less than that which he had agreed to receive for his £100. Imagine him now to sell out—the natural market price of 3 per cents. being 68. It is manifest that the £68 which he receives for his right to £3 a year, is one-eighth less than the same sum would have been when he first subscribed; and the one-eighth which he would otherwise have lost from this 3 per cent. interest, he now loses from its equivalent, the purchase-money. The purchaser, on the other hand, as yet suffers no loss; and for a

right to £3 a year in a currency depreciated one-eighth, he gives the fair market-price of that annuity in the very same deteriorated medium. But in 1812, the currency is still further depressed, say one-eighth more. In this year, therefore, the purchaser obtains £3 of a value still one-eighth worse than that for which he bargained in 1810, or two-eighths beneath its intrinsic worth, while on the other hand the original owner, or his heirs, or successors, remain just as much deprived of the other one-eighth lost from the purchase-money as if it had been taken in the shape of its equivalent, the annual sum. If another purchaser now steps in, precisely the same process may be traced; and so on through any succession. There can be therefore no pretence for saying that the question between the nation and its creditors is essentially affected by the change of individuals among the latter.

But we are bound to go still beyond this, and to affirm that, if on the one hand the state be indeed wronged by the real restoration of its own professed standard, the original creditors were doubly so by its derangement. Promises of its restoration were spontaneously offered and repeated with all the solemnity of legislation, which it is impossible to suppose were entirely inoperative; and in point of fact, one cannot at this day doubt that if they had been replaced by an open

intention to continue indefinitely the Bank restriction, or to abandon the recognized standard, a still lower depreciation would have been produced by a new agent,—namely, discredit; and that the same cause would have incalculably aggravated the difficulties of raising the sums at that time indispensable. Against the alleged losses of the state, therefore, is to be set its interest, not less than its honour. Not so with its creditors—those at least before the depreciation. Of the deterioration of their property they received no hint, no kind of warning, and were themselves wholly guiltless. Theirs was a loss, therefore, without compensation, without blame, and in violation of contracts that were never questioned. If it be urged that compensation was to be found in the higher profits and increased activity of the community, the reply is short and obvious. These advantages were no wise dependent on their loss. They would have enjoyed them equally, if they had obtained their due as public creditors; they would have enjoyed *more* by the additional value which was thus given to that of which they were deprived. The fundholder, so far as his property in general is concerned, must of course share with all other classes the national prosperity, from which there can be nothing in that designation to debar him. But so far as he is a public creditor and owner of a fixed

annuity, he remains still a loser; and the prosperity of the land, and consequently the great value of capital, only serves in the same degree to enhance his loss.

Of the state, indeed, it may be said, that it is the largest of all gainers by a depreciation, so long as this is not the consequence of discredit. Far the greater portion of its payments are permanent and fixed on direct contract, while among its receipts scarcely any are of that nature. These depend for the most part, and in the great branches of revenue, either on the *quantities* or the *value* of the materials and instruments of traffic. The former, the quantities, are increased by the natural operation of general activity; the latter, the value, measured in money, is directly raised or lowered by each fluctuation of the currency. Be, therefore, the balance what it may, the loss on the side of the creditor must needs be much the most direct, and the least compensated.

It is happily now no longer requisite in an inquiry of this nature to labour at laying its foundation by arguing that there exists some connexion between the price of gold and the depreciation of paper. The silent but irresistible advance of truth and common sense have at length ratified the fact, and so far confirmed the value of what materials are within our

reach. That which was formerly a raging controversy, is now a settled axiom. What was once "the bullion question" is no longer more a question than any other admitted fact; and the thousand orations, and the thousand volumes, which in other days contested it, are at this time of value, only on the one hand as scarce credible records of its history—on the other, as monuments of the talent to which it owes its extinction. "The most unpopular tenet that ever was, was the being a bullionist twenty years ago."* Evidence was given, and facts distorted,—ridicule and abuse were levelled,—clamour was excited against its propositions. In the year 1819, the Bank of England attempted to exorcise its spirit by a deliberate resolution, that the price of bullion and the foreign exchange, had nothing to do with the state of the circulation! But all in vain. Conviction made its silent way, and changed men's minds, for "the practice was at length found pretty nearly to correspond with the theory."† It gained even the Bank parlour itself, when in 1817, another resolution at length superseded its predecessor of eight years before; and, finally, the Bank directors of the present day are found to attest the reign of those very principles once so

* Vide Evid. of Mr. Ward. Bk. Rep. 1832. pp. 143-4.

† Ibid.

obnoxious, but to which any past hostility has now become rather a matter of disavowal than of defence.* A moment's reflection, indeed, proves that the very argument of the persons with whom we have here to contend, assumes their truth, for if the variations in the price of gold, and in the exchanges, were the consequence only of an unequal demand, (it is impossible to state the question without using these unintelligible phrases,) the return to cash payments could not have changed them — or, rather, it must have certainly increased those very effects;† and if it is proposed to lower the true standard in consequence of a deviation which arose from an unusual demand, it would be obviously not less rational, and barely just as equitable, to raise it when we ere blest with an

* Vide Evid. of Messrs. Harman, Norman, Ward, &c. Bk. Rep. 1832, *passim.*

† It will of course be recollected that the main argument of the *anti-bullion* people, when an ounce of Standard gold bore one-half more than its ordinary price in the then paper circulation, asserted this to be simply and wholly owing to an extraordinary demand for the article, gold. Now, it is plainly manifest that if this had been true, the change from an inconvertible to a convertible paper currency, by creating *an additional demand* for the purposes of coinage, must have raised this price still farther. It *did* instantaneously reduce it to its original level.

unusual supply. For this, it may be surmised, that the same reasoners would not as eagerly contend.

Although this first step, however, be taken for granted, the subject is not thereby wholly divested of difficulty in its earliest stages. A doubt at once arises as to the precise points and elements between which the comparison of these fluctuations should be made, and as to the measure to which this varying price should be most correctly referred.

It would seem at the first glance, that the obvious and simple test thus required, must be the mint price of gold, or that sum in the coins of the realm which the Mint, by law, returns for an ounce of the regular standard fineness of gold bullion. Upon farther consideration, however, I think this will appear to be a mistake. Our object is to examine the *market* price, or that which is given in the actual and ordinary currency for the same substance. There was at no time of the depreciation any change in the *Mint* price. If the Mint had been required to coin gold, it would have never given any but the fixed legal amount of coin for the same weight of standard metal; and so little did the government contemplate such a deviation, that the only act performed with reference to it, was to confirm its stability, —namely, the passing of the famous resolution

by the House of Commons, that the guinea was only worth its standard value, while it was selling for one fourth more in currency; and the assertion was true theoretically in respect of the *Mint* price, however false and absurd in its application to that of the *market*. The latter then being here our object, we must necessarily compare its variations with some standard in its own nature, and not with that of the Mint, which is a thing essentially different, and which ever suffered fluctuation. Now the market price does not always coincide with the Mint standard, even when the currency is in a natural and wholesome state, that is to say, when it consists either of perfect coin, or of paper which can be converted into it at will. The additional value given to the metal in coinage, by its greater convenience, and by the security of the government stamp for its intrinsic value, render the coin always worth rather more than the bullion. While the Mint therefore returns the full value coined according to its legal rate, or £3 17*s.* 10½*d.* per oz., the market will give something less for the same quantity on this account. The smallest sum thus given, appears by the returns, both before and since the Bank restriction, to be £3 17*s.* 6*d.*, or fourpence halfpenny less per oz. On the other hand, an extraordinary demand will sometimes raise the price again above the usual point, but in this case the limit is obviously the same as the

Mint price, since no one would, of course, give more than £3 17*s.* 10½*d.* in the market for an ounce of gold, when he might obtain the very same quantity by melting down that sum in the gold coin, with no difference but the expense of the process itself, which is so trifling that it may be practically neglected. If, therefore, under ordinary circumstances and in a wholesome state of the currency, the market price will vary from £3 17*s.* 6*d.* to £3 17*s.* 10½*d.*, or to an extent of fourpence halfpenny per oz., it is clear that no party can complain of any fluctuation within these limits. The debtor is not wronged by the fall in the price of gold, that is, the rise in the value of currency from £3 17*s.* 10½*d.* to £3 17*s.* 6*d.*,—the creditor is as little so by the opposite change. It can be only when by some direct interference the change is forced past these limits, that injury and injustice follow. To these limits, therefore, of the market price we must refer its variations for comparison, and the distance of any given value of the currency from these points will so far measure the loss which is caused on either side. In the present case, as our business is wholly with a *rise* in the price of gold, our point of comparison must be the *highest* of these two natural limits,—that is £3 17*s.* 10½*d.*; and as this for reasons above given, coincides with the Mint price, we do practically take the Mint price as our test; but

we take it, not because it is the standard of coinage, but because it is the extreme point of natural rise in the market price. It may appear superfluous to have passed through this reasoning, since we are thus at last conducted to the same result as that which was originally questioned; but it nevertheless seemed necessary, although the practical conclusion was not altered, to distinguish carefully, in order to render clearly intelligible, the principles upon which each step proceeds.

Let us now, by the method thus explained, examine first that side of the question which has hitherto obtained the least attention, but which has the earliest date, if not the strongest argument,—the case of the public creditor. It has been already stated, that although cash payments ceased in 1797, the paper currency did not begin to show any depreciation until the year 1800. The whole sum, therefore, of public fixed engagements contracted before this period, was created at the ordinary value, and before there was any thought of its degradation. We will take, then, the whole amount of annual charge actually paid in 1799, on account of the public funded debt,—(excluding only the expenses of management, which being a payment to the Bank, whose relation to the depreciated currency was widely different from that of any other party, should be omitted,)—and calculating upon this

sum the difference between £3 17*s*. 10½*d*. and the price of the year 1800, we shall obtain the direct loss to the creditors from this source in the latter year. Thus in like manner shall be taken the difference caused by the fall of price between 1799 and 1801,—1799 and 1802, and so on through each year of the depreciation down to 1819, at the close of which year the original standard was recovered. This will give us the whole sum of loss to those original creditors, in whose bargain the depreciation could not have been taken into account. We may then proceed to those of the year 1800, in which the process had actually commenced. The additional charge of this year may be considered as contracted at the price of gold then prevailing. The creditors in this case, would, on the one hand be losers by any further rise in the said price; while on the other they would be gainers by any nearer approach to the true standard, and by the final return to it. In the same way, again, according to the price of 1801, will the new creditors of that year be affected, and so on of each year in the series, and the sum obtained for the whole period will be the difference directly gained to the state, by discharging its fixed engagements in a currency lower than that in which they were contracted. Precisely after the same method, on the other side, the contractors at any price above that of the standard, may be considered as gain-

ers against the state by every subsequent variation in the direction of an improved value, and by the difference between the given price of their contract and the restored value during the whole period since 1819. We shall here have the true difference against the state, in the same transactions, if computed through the entire series. On these two resulting sums no higher interest shall be assumed than three per cent., a rate manifestly and heavily against the creditor. The rate given by government securities at the present moment is not more than about three and a half per cent., and there is good reason to believe that three per cent. is not far from the average rate upon the ordinary employment of money during the interval since 1819, which includes the greatest portion of the national side of the account. How much below that which prevailed during almost the whole period of depreciation, comprising the case of the creditor, it is hardly necessary to mention;—but it was a time when interest rarely fell below five per cent., legal and avowed, while it often stood practically far above it. The extent to which this aggravates the injury then inflicted need not be repeated.*

The calculation thus carried through, will give a sum total on either side, and the ultimate difference will show by a fair approximation which party has most reason to complain of di-

* Vide p. 16.

rect injury so far as the price of gold can be taken as an index.

I say "so far," because I must here premise that I do not pretend to represent this as a complete measure of the whole depreciation. There is one other element of difference, for instance, which has been often noticed since the restoration of the standard, and which is so obvious, and so almost mathematically consistent with the plainest principles, that it is matter of much wonder how it should have been ever to a great degree overlooked.

That circumstance is the effect produced on the value of the precious metals in the general market, by the demand depending on the use of a metallic currency, or the reverse.

This cause raises the value of those metals, in respect of all other articles, by the usual laws of supply and demand; but the variation is not indicated by their price in a paper currency, because that currency, if it be convertible, represents the metal, and therefore, of course, accompanies those fluctuations; and if it be not convertible, it loses in fact all necessary connexion with them, and varies only according to its own rate of supply, or extent of credit. But notwithstanding this, the index obtained will remain, after all, pretty much the same, for the effect would be necessarily felt on both sides, in nearly a corresponding proportion; and if the

restoration of a metallic currency *enhanced* the value of gold, by the creation of a demand, it must of course have been, for the like reason, previously *lowered* by its *extinction.*

The proposed method, therefore, will give a result, which may still be taken as a fair approximation to the true balance, if not to the exact sums. But it requires, at the same time, some care in its application.

1. It would be impossible to determine the price of gold, at the exact date at which each contract was concluded, and the only fair and practicable course will be, to assume it therefore at the average price of each year. Now, the actual prices from which this average is to be drawn, will be found to vary, and it may be said, to oscillate, continually, and with much irregularity; while, from the deranged condition of the market, during the period which we are to examine, its transactions were often so partial, and so limited, that a considerable portion of these years present, in the authentic returns, no quotation of price at all. Under these circumstances, the best course seems to be, to take what appears most fairly to represent the prevailing price of each month, assuming, where there is a gap in the quotations, that the last is not far from the true point, until another contradicts it, and from the sum of these

several averages, to obtain that of the whole twelve, by the usual process.

2. Another difficulty occurs, however, in the total absence of all records of the price of standard bullion throughout several of the earlier years of the series. For so effectually did the suspension of cash payments extinguish all care, and all need of the standard, that the appearance of its material in the market was too rare and insignificant to supply even the occasional data whereon to found such a register. To secure accuracy, however, as nearly as was practicable, the following course has been adopted. The price of foreign gold coin, that is, of Portuguese, which is almost identical in fineness with our own, appears with tolerable regularity. The ordinary price of this article has been therefore observed when standard bullion was quoted at the Mint price for some time together; then the variation per cent. of the *former* from that point, being taken at any given time, the same per centage of difference has been computed upon the *latter*, and it is apprehended that the result must be as near an index of the true relative values of the currency and of standard bullion, as can be found; and indeed, as the nature of the subject can demand.

3. In proceeding next to calculate the effect of these variations, it is plain, that the loss or gain will occur upon the *simple* payments immediately

in the year succeeding the creation of the engagement. Not so, however, with that in *interest,* which cannot be supposed to commence till later. A bargain, for instance, is concluded at a given value of the currency in 1799. The fixed payments therein stipulated, will become at once affected by any change of that value in 1800. But the sums thus paid are due only at intervals during the course of this latter year; the effect therefore is not complete, until its final close, and the accruing interest upon the whole sum so added, or subtracted, cannot therefore begin to arise before the commencement of 1801, that is, in other words, until after the first complete year following that of the transaction.

With the above explanations, it is to be hoped that the present investigation, while it approaches as nearly to truth as the nature of the subject will permit, may be clearly intelligible to the reader. In order to render it more so, the several calculations have been arranged in two tables hereunto subjoined, which are intended to exhibit upon the simplest inspection, the results obtained, together with the steps by which they were sought; whether successfully or no, it is neither within the province, nor the power of the author to determine.

I am fully aware, however, that even after all is thus accomplished, and although every ingredient of the subject were here comprised, still

there are, and must remain, certain adjustments wanting, before real and perfect accuracy could be pretended. 1. It will occur at once to every one, that in taking the entire sums of debt contracted through this course of years, we get a collective amount at any given point, greater than that actually due to the public creditors, because no notice is thus taken of the sums, on the other hand, progressively redeemed by the sinking fund, and upon which the claims of the creditors are therefore extinguished. To effect this adjustment, would be not only practically beyond our reach, but we may conclude in its very nature impossible; since, in order to accomplish it, we should be compelled to ascertain the origin and date of each individual portion of debt so redeemed, that we might assign to it the precise changes which affected the transaction of which it formed a component part. Now it is apprehended, that in point of fact, no such identity can be said really to exist with respect to any portions of debt of the same denomination, from time to time redeemed. In contracting for a loan, the common practice was not to keep each debt so created in a distinct form, but to incorporate it as an addition with those already in existence; so that if one individual, for example, had become a creditor for *two several sums* of £100 in two successive years, at the same interest, say three per cent, and sub-

sequently sold, either to the sinking fund or to any other party, his property in *one* of them, it would not merely be impossible to prove it, but it would be really no more than an ideal distinction to call it that which he lent in the one year, rather than in the other. This point, therefore, may be held wholly out of the reach of investigation; but even were it possible, it may perhaps appear, first, that it would not greatly alter the final result, and secondly, that if it did so, it would probably be in favour of the state, for reasons, which are unavoidably somewhat dry and intricate, but which are at the same time so apparently consistent with the first principles of this inquiry, that an endeavour shall now be hazarded to explain them.

In the first place it must be recollected, that in the redemption of debt by the sinking fund, the state proceeds not by the simple method of paying off the nominal amount, but by that of buying up the claims of its creditors, according to their existing value in the public money market. Suppose the government to have created £100 of debt in the 3 per cent. Consols, in the year 1799. At this date, the price of that stock may be taken to have been about 60, and therefore the interest of money in government securities was in fact 5 per cent; because £3 a year on £60 is the same thing as

£5 on £100. It is obvious, that under these circumstances, no one would lend government £100, to receive only £3 a year, when it was worth in the market as much as £5. For the £100 *of debt* therefore which it acknowledged at a rate of £3, it only received *in real money advanced*, the £60, which was its actual value. Now, until the rate of interest had fallen so low as to make £100 really worth no more than £3 per annum, the state would be of course a serious loser, if it were to relieve itself from that annual charge, by paying off the full £100 of debt; and in lieu of such an operation, it therefore goes into the market, and purchases, like any other party, this claim upon itself for the value which it there possesses. By this transaction, it clearly puts itself precisely in the place of one of its own creditors, and its interests must be accordingly affected like those of any other party.

Now, let us conceive this £100 at 3 per cent., contracted in 1799, to be redeemed in 1813,—the lowest point of depression in the currency. The price of three per cent. Consols may be then assumed at about 55. The nation is, therefore, enabled to buy up this annual claim of £3 for which it had received £60 in the former year, with the sum of £55; thereby gaining £5 on every nominal sum of £100 redeemed in that

stock. But this advantage has no connexion with the value of the currency, (which affects both sides of the transaction equally,) so long as it does not suffer from discredit. The variation of prices in the money market depends on the chances of peace or war, on the stability of government, and on many other extraneous contingencies which must influence it in any state of the circulation. The depreciation with which we have to deal, had, in point of fact, its origin in no discredit, and we must, therefore, discard any loss or gain arising on either side from these variations. We had best, perhaps, on this account, substitute for the year 1813, its predecessor 1812, in which the price of 3 per cent. Consols seems to have been, as in 1799, at about 60. In 1812, therefore, the supposed contract of 1799 would have been discharged by purchase, with the exact sum originally received. But how stood the account as regarded the altered currency? The sum raised in 1799 was £60 in sterling value, the yearly payment promised for it was £3 of sterling value also. But in 1812 both sums were reduced (according to the tables) above 28 per cent., or more than one quarter; and the nation, therefore, in the redemption of this debt, compelled its creditor to receive so much less than his due, as the price of his equally deteriorated yearly claim. So far, therefore, the

latter was certainly not *less* injured than if he had received in this year the annuity of £3 only. Now, if we trace the farther consequences on this exchange received for his property, first depreciated and then bought, we shall perceive that it stands thus. The creditor had received securities in 1799, to be paid £3 sterling annually, for a sum of £60 advanced. This nominal £3 in 1812, was worth, intrinsically, one fourth less (to omit fractions) or only £2. 5*s*. The state now gives him for this annuity a nominal sum of £60, though, in reality, equally worth one fourth less, or only £45; but this extinguishes not only its real equivalent of £2. 5*s*. a year, but the original claim to the sterling £3 a year; and the state is, therefore, a gainer just in this same proportion, since it is evident that it relieves itself from an obligation to pay that sum by giving only £45, when, without the depreciation, it must, in the same case, have paid £60. It pays a nominal sum in a *depreciated* currency to extinguish a claim in *sterling*, and becomes a clear gainer by the difference. If we reverse all these suppositions, we shall, in like manner, exactly get the gain to the creditor who contracted in 1812, and was paid in 1820, or in any intermediate dates; and it therefore appears probable, that *if the redemption of debt in each year were distributed in precise proportion to the*

contracts of every preceding date, the final inclination of the balance would not be, after all, much altered.

But it will be easily perceived, that the result on either side must, in fact, depend on the amount of debt redeemed at each date, and the value in which the redemption was effected, compared with that in which each portion so redeemed was contracted. This could alone give the true balance by which each party was affected. £100 redeemed in 1812, would exhibit very different results, if it were debt created in 1799, from the same amount created in 1811; and therefore it is manifest, that if the whole sum redeemed in 1812, were of debt formed in 1799, the nation would have been a much greater gainer than if it had belonged to the loans of the year immediately before. So of every intermediate transaction, and of the reverse. But if the sum thus redeemed in 1812, had been composed of parts of each preceding loan to that time, exactly in proportion to their several amounts, the difference either way would have been also in exact proportion to that which would have occurred in the yearly payments, if they had not been bought up by redemption; and in this case, according as the component parts of the debt extinguished in 1812 had been created by contracts whose respective dates implied an

intrinsic value *more or less above that in which they were thus discharged,* would the nation be be a gainer, and its creditor a loser.

It has been already shown however, that to trace the effects before us to this extreme nicety, would be impossible in the very nature of the subject. But there are nevertheless a few considerations, which may guide us to an inference. We find, that far the largest sums were applied to the *redemption* of debt, between the years 1808, (or thereabouts) and 1823; an interval, including, as the tables will show, the whole period of *the lowest depreciation,* and extending only two years beyond the resumption of the standard. The sums since appropriated to that purpose have been comparatively insignificant, and considerably smaller than even those applied in the years before the above interval. Again it appears, that of the whole collective amount of debt *contracted,* down to the lowest point of depreciation in 1813, nearly half belonged to transactions completed *before any degradation of the currency,* that is, before 1800, and a large additional portion to those of the earlier and more limited steps of its progress; while, on the other hand, of the entire amount of debt created down to 1820, and paid then, and since, in the restored value, not more than fourteen out of above forty-one millions of annual charge, as presented by the tables,

or about one-third, was to be referred to the dates of very low depression, from 1808 to 1816. The conditions, therefore, above explained, appear here to be both fulfilled in favour of the country. It redeemed *the largest amount at the lowest rates,* and when it may be supposed that the greater part redeemed extinguished claims of a *higher value;*—it has redeemed much *smaller amounts at the higher rates,* while probably a smaller proportion also belonged to contracts at the *lowest values.* It may be hence not unreasonably presumed, that although this point cannot be accurately adjusted, yet if it could be so, the result would still more enhance the advantage on the public side. And if any success has been attained in the attempt to render the above reasoning intelligible to the reader, he will perceive that the want of so obvious an adjustment, still does not, in fact, impair our conclusion.

There are some other points also, such as, 2, the ordinary expiration of terminable annuities in the course of the period, and 3, certain financial operations, which would, to a certain degree, disturb the simple order of our inquiry, if we could perfectly correct it. But these are both of consequences so limited, that it is not worth while to dwell upon their nature.

Taking, however, the subject in the form in which alone we have the means of submitting it

to such investigation, it appears that, supposing the country to have redeemed no debt since 1799, it would, at this moment, be a gainer by no less a sum than *eighteen millions*, through the effects of a depreciated currency, even at the rate so palpably unfair as against its creditors, of only 3 per cent. interest; and it has been just shown how the circumstances of its progressive redemptions would probably, if they could be taken into the account, tend to swell this balance;—nay more, it appears, and the fact is highly curious, after the long outcry against the injustice to the state in its engagements by the honest re-avowal of its pledges--that only two years since, or in 1831, it had not paid, by the resumption of the standard, a sum equal to the bare, stagnant, unimproved amount of difference which it had gained by its suspension. For the sum which represents the simple *annual* loss of the country *since* 1819, is, by the column under 1820, in Table II. about £3,200,000; and if twice this, or the loss of two years, be deducted from the *whole* simple loss in the last column or £53,700,000, it leaves only £47,500,000 of loss, which is less than the whole simple loss of the creditor in Table I. by near £300,000. And if, to the results in either case here exhibited, we add the considerations arising from the repetition, on the part of the public, of deliberate guarantees,—the ad-

vantages thence derived to it in point of credit—the undoubted right on the part of the original creditor to complain—the very questionable one on the part of the country after all its reiterated promises—and the inadequacy of interest calculated at only 3 per cent. to represent the true value of the gain on one side, and loss on the other, during a period when money was really worth twice as much,—it may be apprehended that the balance would be such against the state as must require yet a very long time for its entire liquidation, even were it anywise capable of such a process.

Finally, it is not denied, but much the reverse, that the state does now suffer an annual loss upon its fixed contracts. This inquiry does not pretend to diminish the amount of that loss. But it is designed, and is presumed, to show, that if it now loses, it *has* also largely gained, through the operation of the self-same causes; and to prove, moreover, that if an "adjustment" truly "equitable" were to be compassed, it would be found that the nation is not the only sufferer in such contracts, and that there might be certain compensations set against it on the other side, which would go far to reduce, if not *more than extinguish*, any advantages to which it could in justice be thence entitled.

THE END.

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TABLE I.

LOSS TO THE PUBLIC CREDITOR ARISING FROM THE DEPRECIATION OF THE CURRENCY.

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
			*1800 †4 2 6		1801 4 1 9		1802 4 1 2		1803 3 19 6		1804 4 0 0		1805 4 0 0	
Years in which charge existed before, and was contracted during the depreciation.	Average price of gold in each year.	Charge (management exclusive) existing before 1800, and contracted in each following year.	Rise per cent. on price of gold since date of contract.	Loss thence arising to public creditor on his contract.	Rise per cent. on price of gold since date of contract.	Loss thence arising to public creditor on his contract.	Rise per cent. on price of gold since date of contract.	Loss thence arising to public creditor on his contract.	Rise per cent. on price of gold since date of contract.	Loss thence arising to public creditor on his contract.	Rise per cent. on price of gold since date of contract.	Loss thence arising to public creditor on his contract.	Rise per cent. on price of gold since date of contract.	Loss thence arising to public creditor on his contract.
	£. s. d.	£.		£.		£.		£.		£.		£.		£.
1799	3 17 10½	16,093,687	5.9	957,957	1.9	800,810	4.2	677,071	2.08	325,576	2.7	439,153	2.7	439,153
1800	4 2 6	1,175,135	...	...	...	...	...	...	...	...	...	...	...	...
1801	4 1 9	1,610,050	...	...	...	...	...	...	...	...	...	...	...	...
1802	4 4 2	1,492,938	...	...	...	...	...	...	...	...	...	...	...	...
1803	3 19 6	716,917	...	...	...	...	...	...	...	...	.628	4,508	.628	4,508
1804	4 0 0	1,183,728	...	...	...	...	...	...	...	...	...	...	...	...
1805	4 0 0	1,502,827	...	...	...	...	...	...	...	...	...	...	...	...
1806	4 0 0	1,185,417	...	...	...	...	...	...	...	...	...	...	...	...
1807	4 0 0	912,795	...	...	...	...	...	...	...	...	...	...	...	...
1808	4 0 0	914,498	...	...	...	...	...	...	...	...	...	...	...	...
1809	4 10 6	1,274,273	...	...	...	...	...	...	...	...	...	...	...	...
1810	4 9 5	1,221,056	...	...	...	...	...	...	...	...	...	...	...	...
1811	4 15 7½	1,288,705	...	...	...	...	...	...	...	...	...	...	...	...
1812	4 19 9½	2,008,539	...	...	...	...	...	...	...	...	...	...	...	...
1813	5 5 2½	3,950,844	...	...	...	...	...	...	...	...	...	...	...	...
1814	4 16 11½	1,480,064	...	...	...	...	...	...	...	...	...	...	...	...
1815	4 11 3½	3,589,789	...	...	...	...	...	...	...	...	...	...	...	...
1816	4 0 0	90,303	...	...	...	...	...	...	...	...	...	...	...	...
1817	3 19 7	Nil.												
1818	4 1 2	Nil.												
1819	4 0 1	Nil.												
Total simple loss to public creditor in each year, and in the entire period				957,957		800,810		677,071		325,576		443,661		443,661
Total loss, ditto, at 3 per cent. compound interest.				2,166,740		2,002,023		1,643,388		767,220		1,015,000		985,460

1	16	17	18	19	20	21	22	23	24	25	26	27	28	29
	1806 4 0 0		1807 4 0 0		1808 4 0 0		1809 4 10 6		1810 4 9 5		1811 4 15 7½		1812 4 19 9½	
Years in which charge existed before, and was contracted during the depreciation.	Rise per cent. on price of gold since date of contract.	Loss thence arising to public creditor on his contract.	Rise per cent. on price of gold since date of contract.	Loss thence arising to public creditor on his contract.	Rise per cent. on price of gold since date of contract.	Loss thence arising to public creditor on his contract.	Rise per cent. on price of gold since date of contract.	Loss thence arising to public creditor on his contract.	Rise per cent. on price of gold since date of contract.	Loss thence arising to public creditor on his contract.	Rise per cent. on price of gold since date of contract.	Loss thence arising to public creditor on his contract.	Rise per cent. on price of gold since date of contract.	Loss thence arising to public creditor on his contract.
		£.		£.		£.		£.		£.		£.		£.
1799	2.7	493,153	2.7	439.153	2.7	439,153	16.21	2,609,089	14.8	2,385,200	22.8	3,668,224	28.14	4,529,300
1800	...	...	...	...	...	...	9.7	113,952	8.38	98,521	15.9	186,953	20.9	246,305
1801	...	...	...	...	...	...	10.7	172,329	9.37	150,993	16.1	273,265	22.06	355,327
1802	...	...	...	...	...	...	11.23	167,764	10.16	151,746	17.8	265,939	22.1	342,578
1803	.628	4,508	.628	4,508	.628	4,508	13.83	99,196	12.47	89,426	20.28	145,412	25.52	182,986
1804	...	...	...	...	...	...	13.12	155,060	11.77	139,014	19.53	230,665	24.74	292,176
1805	...	...	...	...	...	...	13.12	197,246	11.77	176,895	19.53	293,520	24.74	371,793
1806	...	...	...	...	...	...	13.12	155,585	11.77	139,533	19.53	231,526	24.74	293,267
1807	...	...	...	...	...	...	13.12	119,804	11.77	107,143	19.53	178,280	24.74	225,821
1808	...	...	...	...	...	...	13.12	120,027	11.77	107,653	19.53	178,611	24.74	226,240
1809	...	...	...	...	...	...	...	...	...	...	5.66	72,161	10.26	130,829
1810	...	...	...	...	...	...	...	...	...	...	6.94	84,779	11.6	141,679
1811	...	...	...	...	...	...	...	...	...	...	...	...	4.35	56,240
1812	...	...	...	...	...	...	...	...	...	...	...	...	...	...
1813	...	...	...	...	...	...								
1814	...	...	...	...	...	...								
1815	...	...	...	...	...	...								
1816	...	...	...	...	...	...	...	...	...	...	...	...	...	...
1817														
1818														
1819														
Total simple loss to public creditor in each year, and in the entire period		443,661		443,661		443,661		3,910,052		3,546,424		5,809,335		7,394,541
Total loss, ditto, at 3 per cent. compound interest.		956,755		928,893		901,830		7,716,187		6,795,300		10,806,500		13,355,270

1	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44
	1813 5 5 2½		1814 4 16 11½		1815 4 11 3½		1816 4 0 0		1817 3 19 7		1818 4 1 2		1819 4 0 1		
Years in which charge existed before, and was contracted during the depreciation.	Rise per cent. on price of gold since date of contract.	Loss thence arising to public creditor on his contract.	Rise per cent. on price of gold since date of contract.	Loss thence arising to public creditor on his contract.	Rise per cent. on price of gold since date of contract.	Loss thence arising to public creditor on his contract.	Rise per cent. on price of gold since date of contract.	Loss thence arising to public creditor on his contract.	Rise per cent. on price of gold since date of contract.	Loss thence arising to public creditor on his contract.	Rise per cent. on price of gold since date of contract.	Loss thence arising to public creditor on his contract.	Rise per cent. on price of gold since date of contract.	Loss thence arising to public creditor on his contract.	Total loss on each charge and on the entire sum.
		£.		£.		£.		£.		£.		£.		£.	
1799	35.01	5,648,721	24.5	3,943,771	17.22	2,772,631	2.7	439,153	2.2	353,045	4.2	680,258	3.8	156,375	32,442,746
1800	27.5	323,458	17.5	205,897	10.6	125,228	...	...	...	...	...	...	...	...	1,300,314
1801	28.7	462,007	18.6	299,525	11.67	187,921	...	...	...	...	...	...	...	...	1,901,367
1802	29.6	442,209	19.15	290,463	12.47	186,234	...	...	...	...	...	...	...	...	1,846,933
1803	32.34	231,833	21.96	157,436	14.83	106,335	.628	4,508	.104	751	2.09	15,029	.733	5,260	1,060,712
1804	31.51	372,150	21.19	250,348	14.11	166,701	...	...	...	...	1.458	17,223	.104	1,230	1,624,567
1805	31.51	473,547	21.19	318,566	14.11	212,117	...	...	...	...	1.458	21,916	.104	1,565	2,067,165
1806	31.51	373,539	21.19	251,283	14.11	167,316	...	...	...	...	1.458	17,287	.104	1,234	1,630,570
1807	31.51	287,625	21.19	193,493	14.11	128,837	...	...	...	...	1.458	13,311	.104	950	1,255,561
1808	31.51	288,159	21.19	193,852	14.11	129,077	...	...	...	...	1.458	13,336	.104	950	1,257,905
1809	16.25	207,099	7.13	90,935	.874	11,116	...	...	...	...	...	...	...	...	512,170
1810	17.18	209,957	8.43	102,987	2.09	25,604	...	...	...	...	...	...	...	...	565,006
1811	10.02	129,351	1.391	17,996	...	...	...	...	...	...	...	...	...	...	203,587
1812	5.12	109,023	...	...	...	...	...	...	...	...	...	...	...	...	109,023
1813															
1814															
1815															
1816	...	...	...	...	...	...	...	...	...	...	1.458	1,316	.104	94	1,410
1817															
1818															
1819															
Total simple loss to public creditor in each year, and in the entire period		9,558,678		6,316,552		4,219,147		443,661		353,796		779,676		167,658	47,779,239
Total loss, ditto, at 3 per cent. compound interest.		16,761,130		10,753,300		6,973,400		711,943		551,178		1,179,260		686,760	87,957,837

* Years of depreciation in the currency. † Average price of gold in each year.

	1803 — 3 19 6		
	10	11	
contract.	Rise per cent. on price of gold since date of contract.	Loss thence arising to public creditor on his contract.	Rise per cent. on price
		£.	
,071	2.08	325,576	28
	...	...	20
	...	...	22
	...	...	22
	...	...	25
	...	...	24
	...	...	24
	...	...	24.
	...	...	24.
	...	...	24.
	...	...	10.
	...	..	11.
	...	...	4.
	...	...	..
	...	...	
	...	...	
	...	...	
	...	...	..
071		325,576	
388		767,220	

† Average price of gold

1	2	3	* 1801 — † 4 1 9		1802 — 4 1 2		1803 — 3 19 6		
			4	5	6	7	8	9	
Years in which charge was contracted during depreciation.	Average price of gold in each year.	Charge (management exclusive) contracted in each year, during depreciation.	Fall per cent. on price of gold since date of contract.	Loss thence arising to state on its contract.	Fall per cent. on price of gold since date of contract.	Loss thence arising to state on its contract.	Fall per cent. on price of gold since date of contract.	Loss thence arising to state on its contract.	
	£. s. d.	£.		£.		£.		£.	
1800	4 2 6	1,175,135	.909	10,683	2.03	23,909	3.63	42,732	
1801	4 1 9	1,610,050	..	....	.712	11,488	2.75	44,313	69
1802	4 1 2	1,492,938	..	....	..	....	2.05	31,442	96
1803	3 19 6	716,917	..	....	..	....	..	....	43
1804	4 0 0	1,183,728	..	....	..	....	..	....	89
1805	4 0 0	1,502,827	..	....	..	....	..	....	61
1806	4 0 0	1,185,417	..	....	..	....	..	....	61
1807	4 0 0	912,795	..	....	..	....	..	....	05
1808	4 0 0	914,498	..	....	..	....	..	....	52
1809	4 10 6	1,274,273	..	....	..	....	..	....	46
1810	4 9 5	1,221,056	..	....	..	....	..	....	71
1811	4 15 $7\frac{1}{2}$	1,288,705	..	....	..	....	..	....	18
1812	4 19 $9\frac{1}{2}$	2,008,539	..	....	..	....	..	....	63
1813	5 5 $2\frac{1}{2}$	3,950,844	..	....	..	....	..	....	72
1814	4 16 $11\frac{1}{2}$	1,480,064	..	....	..	....	..	....	70
1815	4 11 $3\frac{1}{2}$	3,589,789	..	....	..	....	..	....	17
1816	4 0 0	90,305	..	....	..	....	..	....	04
1817	3 19 7	Nil.							44
1818	4 1 2	Nil.							
1819	4 0 1	Nil.							
Total simple loss to state in each year, during and since the depreciation, and in the entire period.				10,683		35,397		118,487	081
Total loss ditto at 3 per cent. compound interest.				26,707		85,915		279,214	755

* Years of depreciation in the currency, and si

TABLE II.

LOSS TO THE STATE ARISING FROM THE RESTORATION OF THE STANDARD.

			* 1801 † 4 1 9		1802 4 1 2		1803 3 19 6		1804 4 0 0		1805 4 0 0		1806 4 0 0		1807 4 0 0	
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
Years in which charge was contracted during depreciation.	Average price of gold in each year.	Charge (management exclusive) contracted in each year, during depreciation.	Fall per cent. on price of gold since date of contract.	Loss thence arising to state on its contract.	Fall per cent. on price of gold since date of contract.	Loss thence arising to state on its contract.	Fall per cent. on price of gold since date of contract.	Loss thence arising to state on its contract.	Fall per cent. on price of gold since date of contract.	Loss thence arising to state on its contract.	Fall per cent. on price of gold since date of contract.	Loss thence arising to state on its contract.	Fall per cent. on price of gold since date of contract.	Loss thence arising to state on its contract.	Fall per cent. on price of gold since date of contract.	Loss thence arising to state on its contract.
	£. s. d.	£.		£.		£.		£.		£.		£.		£.		£.
1800	4 2 6	1,175,135	.909	10,683	2.03	23,909	3.63	42,732	3.03	35,610	3.03	35,610	3.03	35,610	3.03	35,610
1801	4 1 9	1,610,050	..	....	.712	11,488	2.75	44,313	2.14	34,465	2.04	34,465	2.14	34,465	2.14	34,465
1802	4 1 2	1,192,938	..	....	..	....	2.05	31,442	1.13	21,459	1.43	21,459	1.43	21,459	1.43	21,459
1803	3 19 6	716,917	..	....	..	....	..	....	..	....	..	....	..	....	..	....
1804	4 0 0	1,183,728	..	....	..	....	..	....	..	....	..	....	..	....	..	....
1805	4 0 0	1,502,827	..	....	..	....	..	....	..	....	..	....	..	....	..	....
1806	4 0 0	1,185,417	..	....	..	....	..	....	..	....	..	....	..	....	..	....
1807	4 0 0	912,795	..	....	..	....	..	....	..	....	..	....	..	....	..	....
1808	4 0 0	914,498	..	....	..	....	..	....	..	....	..	....	..	....	..	....
1809	4 10 6	1,274,273	..	....	..	....	..	....	..	....	..	....	..	....	..	....
1810	4 9 5	1,221,056	..	....	..	....	..	....	..	....	..	....	..	....	..	....
1811	4 15 7½	1,288,705	..	....	..	....	..	....	..	....	..	....	..	....	..	....
1812	4 19 9½	2,008,539	..	....	..	....	..	....	..	....	..	....	..	....	..	....
1813	5 5 2½	3,950,844	..	....	..	....	..	....	..	....	..	....	..	....	..	....
1814	4 16 11½	1,480,064	..	....	..	....	..	....	..	....	..	....	..	....	..	....
1815	4 11 3½	3,589,789	..	....	..	....	..	....	..	....	..	....	..	....	..	....
1816	4 0 0	90,305	..	....	..	....	..	....	..	....	..	....	..	....	..	....
1817	3 19 7	Nil.														
1818	4 1 2	Nil.														
1819	4 0 1	Nil.														
Total simple loss to state in each year, during and since the depreciation, and in the entire period.				10,683		35,397		118,487		91,534		91,534		91,534		91,534
Total loss ditto at 3 per cent. compound interest.				26,707		85,915		279,214		209,420		203,315		197,393		191,644

	1808 4 0 0		1809 4 10 6		1810 4 9 5		1811 4 15 7½		1812 4 19 9½		1813 5 5 2½		1814 4 16 11½		1815 4 11 3½	
1	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33
Years in which charge was contracted during depreciation.	Fall per cent. on price of gold since date of contract.	Loss thence arising to state on its contract.	Fall per cent. on price of gold since date of contract.	Loss thence arising to state on its contract.	Fall per cent. on price of gold since date of contract.	Loss thence arising to state on its contract.	Fall per cent. on price of gold since date of contract.	Loss thence arising to state on its contract.	Fall per cent. on price of gold since date of contract.	Loss thence arising to state on its contract.	Fall per cent. on price of gold since date of contract.	Loss thence arising to state on its contract.	Fall per cent. on price of gold since date of contract.	Loss thence arising to state on its contract.	Fall per cent. on price of gold since date of contract.	Loss thence arising to state on its contract.
		£.		£.		£.	..	£.		£.	..	£.	..	£.		£.
1800	3.03	35,610	..	....	..	....	..	....	..	....	..	....	..	....	..	....
1801	2.14	34,465	..	....	..	....	..	....	..	....	..	....	..	....	..	....
1802	1.43	21,459	..	....	..	....	..	....	..	....	..	....	..	....	..	....
1803	..	....	..	....	..	....	..	....	..	....	..	....	..	....	..	....
1804	..	....	..	....	..	....	..	....	..	....	..	....	..	....	..	....
1805	..	....	..	....	..	....	..	....	..	....	..	....	..	....	..	....
1806	..	....	..	....	..	....	..	....	..	....	..	....	..	....	..	....
1807	..	....	..	....	..	....	..	....	..	....	..	....	..	....	..	....
1808	..	....	..	....	..	....	..	....	..	....	..	....	..	....	..	....
1809	..	....	..	....	1.19	15,253	..	....	..	....	..	....	..	....	..	....
1810	..	....	..	....	..	....	..	....	..	....	..	....	..	....	..	....
1811	..	....	..	....	..	....	..	....	..	....	..	....	..	....	4.53	58,264
1812	..	....	..	....	..	....	..	....	..	....	..	....	283	57,027	8.51	171,082
1813	..	....	..	....	..	....	..	....	..	....	..	....	7.92	312,937	13.22	522,610
1814	..	....	..	....	..	....	..	....	..	....	..	....	..	....	5.76	85,302
1815	..	....	..	....	..	....	..	....	..	....	..	....	..	....	..	....
1816	..	....	..	....	..	....	..	....	..	....	..	....	..	....	..	....
1817																
1818																
1819																
Total simple loss to state in each year, during and since the depreciation, and in the entire period.		91,534				15,253								369,964		837,258
Total loss ditto at 3 per cent. compound interest.		186,061				29,226								629,826		1,383,810

	1816 4 0 0		1817 3 19 7		1818 4 1 2		1819 4 0 1		1820 3 17 10½		1821—32 3 17 10½		
1	34	35	36	37	38	39	40	41	42	43	44	45	46
Years in which charge was contracted during depreciation.	Fall per cent. on price of gold since date of contract.	Loss thence arising to state on its contract.	Fall per cent. on price of gold since date of contract.	Loss thence arising to state on its contract.	Fall per cent. on price of gold since date of contract.	Loss thence arising to state on its contract.	Fall per cent. on price of gold since date of contract.	Loss thence arising to state on its contract.	Fall per cent. on price of gold since date of contract.	Loss thence arising to state on its contract.	Fall per cent. on price of gold since date of contract.	Loss thence arising to state on its contract.	Total loss on each charge and on the entire sum.
		£.		£.		£.		£.		£.		£.	£.
1800	3.03	35,610	3.53	41,548	2.03	23,909	2.92	34,423	5.55	65,285	5.55	783,420	1,239,569
1801	2.14	34,465	2.65	42,672	.712	11,488	2.03	32,824	4.74	76,317	4.74	915,804	1,341,696
1802	1.43	21,459	1.95	29,123	..	....	1.33	19,926	3.74	55,946	3.74	671,352	936,543
1803	..	....	..	....	..	....	..	....	2.04	14,653	2.04	175,836	190,489
1804	..	....	.52	6,151	..	....	..	....	2.65	31,370	2 65	376,440	413,961
1805	..	....	.52	7,827	..	....	..	....	2 65	39,918	2.65	479,016	526,761
1806	..	....	.52	6,174	..	....	..	....	2 65	31,487	2.65	377,844	415,505
1807	..	....	.52	4,754	..	....	..	....	2 65	24,246	2.65	290,952	319,952
1808	..	....	.52	4,763	..	....	..	....	2 65	24,291	2.65	291,492	320,546
1809	11.6	147,842	12.06	153,710	10.3	131,416	11.5	146,670	13.95	177,760	13.95	2,133,120	2,905,771
1810	10.53	128,592	10.99	134,282	9.22	112,660	10.43	127,454	12.9	157,610	12.9	1,891,320	2,551,918
1811	16.34	210,088	16.77	215,690	15.12	194,401	16.25	208,967	18 23	238,681	18.23	2,864,172	3,990,263
1812	19.83	398,353	20.21	406,739	17.16	341,680	19.74	396,675	20.45	410,932	20.45	4,931,184	7,116,672
1813	23.96	946,637	24.35	962,284	22.85	902,826	23.88	943,508	25.98	1,026,136	25.98	12,317,232	17,934,470
1814	17.42	257,817	17.84	264,183	16.21	239,992	17.33	256,541	19.61	290,283	19 61	3,483,396	4,877,517
1815	12.36	144.013	12.82	460,482	11.09	398,137	12.27	440,736	14 69	527,572	14.69	6,330,864	8,601,804
1816	..	....	.52	170	..			....	2.65	2,398	2.65	28,776	31,644
1817													
1818													
1819													
Total simple loss to state in each year, during and since the depreciation, and in the entire period.		2,624,876		2,740,852		2,359,509		2,607,727		3,195,185		38,342,220	53,715,081
Total loss ditto at 3 per cent. compound interest.		4,971,674		4,269,973		3,568,757		3,829,446		4,555,374		15,316,000	69,963,755

* Years of depreciation in the currency, and since the restoration of the standard.

† Average price of gold in each year.